United Nations A/59/15 (Part II)

General Assembly

Distr.: General
17 September 2004

Original: English

Fifty-ninth session

Report of the Trade and Development Board on its thirty-fourth executive session*

Geneva, 10 March 2004

* The present document is an advance version of the report of the Trade and Development Board on its thirty-fourth executive session, held at the United Nations Office at Geneva on 10 March 2004. It will appear in final form, together with the reports of the thirty-third executive session, the twenty-first special session, the thirty-fifth executive session and the fifty-first session of the Board, as *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 15* (A/59/15).

04-51716 (E) 131004

CONTENTS

Chapter		Page
I.	Matters requiring action by the Board arising from or related to reports and activities of its subisdiary bodies	3
II.	Other business	8
III.	Institutional, organizational, administrative and related matters	11

Annexes

I.	Agenda for the thirty-fourth executive session of the Board	13
II.	Attendance	14

Chapter I

Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

(Agenda item 2)

Report of the Commission on Investment, Technology and Related Financial Issues, eighth session (26–29 January 2004)

1. The representative of **Barbados**, speaking in his capacity as **President of the Commission on Investment, Technology and Related Financial Issues at its eighth session**, introduced the Commission's report (TD/B/COM.1/60). Discussions under agenda items 3 and 4, on policy issues related to investment and development and issues related to investment agreements, had been rich and had not been hampered by events in Cancún or the current state of play in WTO. The Commission had acknowledged that UNCTAD had internationally recognized expertise in the area of investment that needed to be reflected in the formulation of future work at UNCTAD XI and beyond, taking into account particularly the needs of LDCs.

Action by the Board

2. The Board took note of the report of the Commission, endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

Report of the Commission on Trade in Goods and Services, and Commodities, eighth session (9–13 February 2004)

3. The representative of **Bulgaria**, speaking in his capacity as **President of the Commission on Trade in Goods and Services, and Commodities at its eighth session**, introduced the Commission's report (TD/B/COM.1/67). The Commission had deepened understanding of international and national policies required to enhance the beneficial integration of developing countries into the international trading system. There was a common view that UNCTAD played a critical role as a forum for policy analysis, confidence building and consensus making on issues facing the international trading system, as well as capacity building to support developing countries, especially LDCs.

Action by the Board

4. The Board took note of the report of the Commission, endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

5. The representative of **Switzerland** noted that the Commission had not been in a position to adopt recommendations on the question of trade and the environment and asked whether the absence of recommendations had affected or would affect the work of the secretariat.

6. The **Director of the Division on International Trade in Goods and Services and Commodities** said that member States normally used recommendations to highlight certain issues, and the absence of recommendations would not affect the secretariat's work. The secretariat had not been instructed to stop any work, and the statements made by member States in the Commission had provided the secretariat with guidance.

Report of the Commission on Enterprise, Business Facilitation and Development, eighth session (12–15 January 2004)

7. The representative of **Italy**, speaking in his capacity as **President of the Commission on Enterprise, Business Facilitation and Development at its eighth session**, introduced the Commission's report (TD/B/COM.1/64). With regard to improving the competitiveness of SMEs, certain underlying principles were common for successful countries, although there was no single "correct" strategy. Transport and trade facilitation were core elements in enhancing the participation of developing countries in global trade and attracting FDI. ICTs were important in boosting overall economic growth, and UNCTAD should continue conducting policy-oriented analysis of the economic implications of ICTs for developing countries.

Action by the Board

8. The Board took note of the report of the Commission, endorsed the recommendations contained therein, approved the provisional agenda for the Commission's next session, and approved the topics for the next cycle of expert meetings.

Statements

9. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, said that the work of the Commissions had made important contributions in many sensitive areas from a development perspective. The discussion on policy space in the Commission on Trade had been particularly important. Policy space was an appropriate tool for countries pursuing development strategies, especially as a growing constellation of trade agreements increasingly limited national policy options open to Governments. Present-day developing countries needed the policy space that today's developed countries had themselves enjoyed in the past. South-south trade was expanding nearly twice as fast as world trade, and it could play a complementary role in strengthening the multilateral trading system, for instance through the GSTP. It was disappointing that the Commission on Trade had not been able to agree on recommendations on trade, environment and development. UNCTAD member States should give more careful consideration to those issues.

10. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, said that all necessary means should be employed to ensure implementation of the outcomes of the Commission sessions. The lack of consensus on the issue of trade, environment and development in the Commission on Trade was a matter of concern. It was the second time that the consensus-building function of UNCTAD had been challenged in that Commission. All delegations and the secretariat should consider all mechanisms agreed at UNCTAD X and the Mid-term Review to enhance the intergovernmental machinery. With regard to expert meetings, any further reduction in their length might affect the attainment of their objectives. It would be more important to enrich the content of the meetings and invite more eminent panellists.

11. The representative of the **United States of America** said that, with regard to the issue of transportation security measures, which was relevant to the work of both the Commission on Trade and the Commission on Enterprise, UNCTAD could provide useful analysis and assistance when it had a clearly defined role. However, the recommendations on transportation security agreed by the Enterprise and Trade Commissions were too broad and too vague. UNCTAD's work in this area should be to assist developing countries in complying effectively with international transportation security standards through a carefully defined programme that did not overlap, conflict with, or interfere in the deliberations of other international organizations. A number of UN agencies, including ICAO, IMO and ILO, and other international organizations already had active transportation security programmes, including technical assistance for developing countries. There was no indication that the security regimes developed through those organizations left any gaps that needed to be filled by UNCTAD, and UNCTAD had no role in reopening discussion of agreed standards. In line with its core mission, UNCTAD could have a role in helping developing countries participate more fully in international trade and complying with internationally agreed initiatives, and the United States stood ready to assist UNCTAD in that role.

12. The representative of **Venezuela** said that the Commissions had carried out important work in the context of the preparations for UNCTAD XI. The discussions on WTO issues had produced a greater understanding of the current situation, and the deliberations on policy space had proved of crucial importance. In future, though, the Commissions should devote more time to interactive discussions with delegations. It was frustrating to see that it had not been possible for the Commission on Trade to agree on recommendations on trade, environment and development. UNCTAD had already worked in that area, which had also been referred to by the General Assembly in its resolution on trade and development and the work of UNCTAD. The task of the Commissions was to focus the organization's mandate and give guidance for future work, not to restrict the mandate. Finally, the Commissions had approved a series of expert meetings, but there might not be enough funds available to ensure the effective participation of developing countries, and that would seriously affect the intergovernmental machinery. This issue should be revisited, and new ways should be sought of covering the related costs under the regular budget.

13. The representative of **Colombia** said that the absence of agreement on recommendations on trade, environment and development in the Commission on Trade was disappointing. It must be emphasized in that connection that the Biotrade programme enjoyed the unanimous support of all participating countries. The secretariat's assurance that the absence of recommendations would not

affect the secretariat's work was welcome. With regard to the expert meetings approved by the Commissions, a long-term solution for predictable financing for the participation of experts from developing countries must be found to allow developing countries to share the knowledge exchanged at the meetings.

14. The representative of **Sri Lanka** said that the Commissions had done useful work. In the Commission on Trade, useful ideas had been put forward on the liberalization of trade in services under mode 4, and this matter should be taken up in the context of the preparations for UNCTAD XI. Small trade-dependent economies were particularly vulnerable in their efforts to integrate into the world trading system, and UNCTAD should develop a concrete programme of action and policy advice to help them. The issue of small economies should also be taken up at UNCTAD XI.

15. The representative of **Senegal**, speaking on behalf of the **African Group**, regretted that the Commission on Trade had not agreed on recommendations on the issue of trade, environment and development. His Group had worked hard to try to get agreement, but it had not found the necessary flexibility among some of its partners. He hoped flexibility would be shown by all during the preparations for UNCTAD XI. Concerning expert meetings, more experts from Africa must be enabled to attend, and the question of financing must be resolved. Investment was crucial for Africa, and African countries were making great efforts to attract it. However, the results had been disappointing so far, and he appealed to partners to help increase flows.

16. The representative of **Barbados** said her country attached great importance to the outcomes of the Commissions' work. The discussion on policy space had been particularly appreciated, and it was hoped that it could be built on positively; it demonstrated the continuing relevance of UNCTAD in consensus building. With regard to the expert meetings that had been approved, the meeting on new and dynamic trade sectors was especially welcome. The absence of agreed recommendations on trade, environment and development was regrettable, but it must not restrict UNCTAD's work in that area. The mandate in the Bangkok Programme of Action remained in force, and her country supported UNCTAD's continuing role in that respect.

17. The representative of **Egypt** said that UNCTAD's mandate had been determined in 1964, and it could not be renegotiated by each Commission. With regard to expert meetings, it was important to ensure the participation of experts from a wider range of cultural and linguistic backgrounds in order to enable developing countries to make inputs. In that connection, the translation of all Board documentation into Arabic must be assured in order to permit the full participation of capitals in UNCTAD's work.

18. The representative of **Cuba** said that the failure to reach agreement on recommendations on trade, environment and development in the Commission on Trade was a matter for concern, given the importance of the issue for all countries. Cuba attached particular importance to activities in that field, for which UNCTAD had a mandate, and it welcomed the secretariat's assurance that related activities would continue unaffected. Important ideas had been put forward in connection with policy space, and all members should focus on that issue if they wanted to help developing countries integrate into the world trading system. Special and differential treatment was another key element of that system.

Finally, in the context of the challenges facing developing countries, a one-size-fits-all approach was not appropriate.

19. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that external debt and investment were the key issues discussed by the Commissions. The debt burden of LDCs hindered all their development efforts, since once debt repayments had been made, there was nothing left to invest. The HIPC initiative should therefore be extended to cover all LDCs. LDCs attached importance to the issue of trade, environment and development, and the failure to adopt recommendations on that issue in the Commission on Trade was therefore disappointing. UNCTAD should continue its efforts in favour of LDCs. Such efforts in favour of a particular group of countries were not discriminatory vis-à-vis other countries; they were simply a matter of justice. In that connection, the General Assembly had expressed profound concern about the poor implementation of the Programme of Action for LDCs, and all UN organizations, as well as the Bretton Woods institutions, had been invited to support the Programme's implementation.

20. The representative of **Oman** said it was important that all Board documentation be distributed in all official UN languages on time. The report of the Commission on Trade was not available in Arabic, and this caused difficulties for officials in capitals.

21. The representative of **Switzerland** said that the work of the three Commissions had demonstrated the important role of UNCTAD in consensus building and the generation of new ideas. At the same time, more thought had to be given to the ways in which these new ideas could be shared with a broader audience. Also, discussions should be more interactive, with more time for participation by member States. Because of the importance of the recommendations adopted by the Commissions, more time should be set aside for their consideration. The recommendations should focus on areas where UNCTAD had recognized competence and could add value, and they should not give the secretariat new functions that had not been shown to be appropriate. In general, there was a need to look critically at the way the organization worked.

Chapter II

Other business

(Agenda item 4)

Scheduling and financing of expert meetings

22. The **President** proposed that the Expert Meeting on Good Governance in Investment Promotion and the Expert Meeting on the Impact of FDI on Development should be held back-to-back the same week, meaning that each meeting would last 2½ days instead of 3.

23. The representative of the **Islamic Republic of Iran** said that such an arrangement could lead to problems for experts coming from capitals. Moreover, the problem of financing the participation of experts from development countries had not yet been resolved.

24. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, said that the issue of financing of experts was very important. Expert meetings played an essential role in improving UNCTAD's intergovernmental work and in consensus building, and the participation of experts from different regions had improved the quality of the meetings and helped disseminate their findings. It was therefore unfortunate that there were not sufficient resources to finance experts in 2004. The Group of 77 had reluctantly accepted the idea of financing the participation of experts through extrabudgetary contributions in the hope that this would produce a long-term solution, but that had not been the case. The use of regular budget resources was the only way of getting a reliable and long-term solution to the problem. The Board should take up the issue again within the framework of its thirty-third executive session with a view to agreeing on a long-term solution.

25. The representative of **Egypt** said that the participation of experts from developing countries in UNCTAD expert meetings was extremely important, and the secretariat should circulate a brief note on the impact of the proposal to hold two meetings back-to-back.

26. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that it was important for developing countries to participate in expert meetings. The discussions on financing the participation of experts had gone on for too long, and a solution to the problem had to be found. His country did not have the means to finance the participation of its own experts at expert meetings.

27. The **Deputy Secretary-General of UNCTAD** said that the issue of financing the participation of experts in UNCTAD expert meetings had been on the table since UNCTAD IX. Initially, financing had been provided from unspent balances under the regular budget, but that had been a one-off exercise and the funds had now been exhausted. The options considered to obtain alternative sources of financing had involved the use of voluntary contributions or resort to the regular budget. The UNCTAD secretariat had tried to include a provision in the draft UN regular budget, but without

success. If the Group of 77 wished to recommend the use of the regular budget now, a proposal to that effect would have to be submitted to the General Assembly, but it appeared that such a proposal was unlikely to meet with success.

28. The **President** reminded the Board that, at its thirty-third executive session, in September 2003, it had decided to hold consultations on financing the participation of experts, and he intended to resume the thirty-third session and return to the issue, hopefully before May.

Action by the Board

29. The Board decided that the Expert Meeting on Good Governance in Investment Promotion and the Expert Meeting on the Impact of FDI on Development should be held back-to-back the same week, meaning that each meeting would last 2½ days instead of 3.

Participation in the High-level meeting of ECOSOC with the Bretton Woods institutions, WTO and UNCTAD

30. The **President** recalled that, in its resolution 57/270B, the General Assembly had decided to have the Trade and Development Board participate in the High-level Meeting of ECOSOC with the Bretton Woods Institutions and WTO. That meeting formed part of the institutional follow-up to the Monterrey Consensus. For the purpose of preparing the High-level Meeting, he had had a videoconference with the President of ECOSOC on the overall theme of the High-Level Meeting and the specific topics, as well as the format of the meeting. The following potential themes had been mentioned for this year's meeting: trade and development, investment and development, and commodities and development; low-income countries; financial windows; international governance; trade; HIPC and debt sustainability and national experiences.

31. He had indicated that the selection of the overall theme, as well as of the specific topics to be discussed in the round tables, should take account of three basic elements: the need to contribute to the implementation of the Monterrey Consensus; the need to contribute to the General Assembly debate on financing for development; and the need to prepare for the 2005 comprehensive review of the Millennium Declaration. He had suggested that the theme of the High-level Meeting could be related to increased coherence, coordination and cooperation for the implementation of the Monterrey Consensus, and he had indicated that UNCTAD's mandate and the Board agenda were relevant to the review and implementation of the Monterrey Consensus, in particular in the areas of trade, investment, commodities, debt and interdependence. For this year's High-level Meeting, the Board could make its contribution in the specific areas of trade and investment.

32. On the format of the Meeting, he had indicated that, in accordance with existing practice, senior officials of the UNCTAD secretariat should continue to be involved in the round tables, including by serving as chairpersons of round tables in UNCTAD's areas of competence (investment, trade). Such participation, both on behalf of the Board, through its President, and from the leadership of the secretariat, would maximize UNCTAD's contribution to the High-Level Meeting.

33. The representative of **Brazil** welcomed the proposal concerning the President's participation in the High-level Meeting.

34. The representative of **Colombia** expressed full support for the President's participation in the High-level Meeting. Member States should come forward with concrete recommendations for the modalities of that participation, and it would be good if the President of the Board could serve as chairperson or vice-chairperson of one of the round tables. The Board must ensure that UNCTAD's activities were in line with agreed priorities and that the activities of its Commissions were coordinated.

35. The representative of the **Islamic Republic of Iran** said that the role of UNCTAD in the follow-up to United Nations conferences was crucial, and he therefore welcomed UNCTAD's participation in the High-level Meeting. It would be important to determine the appropriate modalities for that participation.

36. The representative of **Senegal**, speaking on behalf of the **African Group**, welcomed the President's initiatives in connection with the High-level Meeting. The Board certainly had a role to play, and all the topics mentioned were important. He requested further information on the format and venue of the meeting and the themes.

37. The representative of the **United States of America** asked whether those participating in the High-level Meeting would present the views of the secretariat or member States and what mechanism would be used to allow member States to participate. She also asked what the outcome of the meeting would be, and expressed the hope that there would be no need to negotiate topics.

38. The representative of **Ireland**, speaking on behalf of the **European Union**, said that a new practice was in fact being created, and it was therefore important for member States to be fully apprised of the situation so that they could participate fully this year and in future years. More time should be given to allow them to prepare more substantially.

Action by the Board

39. The Board decided that the secretariat should circulate a note relating to the High-level Meeting with ECOCSOC and asking member States for their views on the themes and topics for the Meeting, on the format of the Meeting, on what kind of statement the President of the Board should make, and on how the representatives of the Board should be chosen, how many should be chosen, and who should finance their participation. A meeting of the Bureau of the Board would then be convened at an appropriate time.

40. The representative of the **United States of America** said that the participation of representatives of the Board in the High-level Meeting of ECOSOC would not substantially change the intergovernmental process in UNCTAD. It would be best to have limited expectations for UNCTAD's first participation in the Meeting, and not to be overly optimistic about consensus on inputs to the event.

Chapter III

Institutional, Organizational, Administrative and Related Matters

Opening of the session

41. The session was opened by the President of the Board.

Adoption of the agenda

42. The Board adopted the provisional agenda as contained in document TD/B/EX(34)/1. (For the agenda, see annex I below.)

Bureau

43. The Bureau of the Board was as elected at its fiftieth session, except that the Board agreed that Mr. Mitsunori Nanba (Japan), who had left Geneva, should be replaced by Mr. Kiminori Iwama (Japan) as Vice-President, and that Mr. Lester Mejía Solís (Nicaragua), who had also left Geneva, should be replaced by Mr. Eduardo Castillo Pereira (Nicaragua) as Vice-President. The Bureau was thus as follows:

President:	Mr. Sha Zukang	(China)
Vice-Presidents:	Mr. Michel Adam	(Belgium)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Chitsaka Chipaziwa	(Zimbabwe)
	Mr. Djismun Kasri	(Indonesia)
	Ms. Melissa Kehoe	(United States of America)
	Mr. Mohamed Oulde Mohamed Lemine	(Mauritania)
	Mr. Eduardo Castillo Pereira	(Nicaragua)
	Mr. Iván Mora Godoy	(Cuba)
	Mr. Kiminori Iwama	(Japan)
	Mr. Dimiter Tzantchev	(Bulgaria)
Rapporteur:	Mr.François Leger	(France)

Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

44. The Board decided that the Latin American Technological Information Network (RITLA), on which background information was supplied in document TD/B/EX(34)/R.3, should be included in the list provided for in rule 76 of its rules of procedure.

Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

45. The Board decided that the Global Foundation for Democracy and Development (FUNGLODE) and the International Air Cargo Association (TIACA), on which background information was supplied in documents TD/B/EX(34)/R.1 and 2, should be included in the list provided for in rule 77 of the rules of procedure.

Inclusion of national NGOs in the register in conformity with Board decision 43 (VII)

46. The Board was informed that, following consultations with the member States concerned, namely Brazil and France, the Secretary-General of UNCTAD had decided that the Community Action of Brazil/Rio de Janeiro (ACB/RJ) and Coordination SUD (Solidarity, Urgency, Development), on which background information was supplied in documents TD/B/EX(34)/L.1 and 2, would be included in the Register of national non-governmental organizations provided for under Board decision 43 (VII).

Report of the Board on it thirty-fourth executive session

47. The Board authorized the Rapporteur to finalize the report on its thirty-fourth executive session under the authority of the President.

Annex I

Agenda for the thirty-fourth executive session of the Board

1. Adoption of the agenda

2. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:

(a) Report of the Commission on Trade in Goods and Services, and Commodities, eighth session (9–13 February 2004)

(b) Report of the Commission on Investment, Technology and Related Financial Issues, eighth session (26–29 January 2004)

(c) Report of the Commission on Enterprise, Business Facilitation and Development, eighth session (12–15 January 2004)

3. Institutional, organizational, administrative and related matters:

(a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(b) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

4. Other business

5. Report of the Board on its thirty-fourth session

Annex II

Attendance*

1. Representatives of the following States members of UNCTAD, members of the Board, attended the session:

Algeria
Austria
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Benin
Bhutan
Bolivia
Botswana
Brazil
Bulgaria
China
Colombia
Congo
Cyprus
Cuba
Czech Republic
Democratic Republic of the Congo
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Germany
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Italy
Jamaica
Japan
Jordan
Kenya
Lebanon
Lesotho
Libyan Arab Jamahiriya
Madagascar
Malaysia
Mali
Mexico
Morocco
Mozambique
Netherlands
Nepal
Nicaragua
Nigeria
Oman
Panama
Paraguay
Peru
Philippines
Portugal
Qatar
Republic of Korea
Russian Federation
Saudi Arabia
Senegal
Serbia and Montenegro
Slovakia
Sri Lanka
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela
Yemen
Zimbabwe

* For the list of participants, see TD/B/EX(34)/INF.1.

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Holy See
Rwanda

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
African Union
Common Fund for Commodities
European Community
Organisation internationale de la francophonie

4. The United Nations Economic Commission for Africa was also represented.

5. The following specialized agencies and related organizations were represented at the session:

Food and Agriculture Organization of the United Nations
International Labour Organization
International Monetary Fund
United Nations Industrial Development Organization
World Trade Organization

6. The following non-governmental organizations were represented at the session:

General Category

International Centre for Trade and Sustainable Development
International Confederation of Free Trade Unions
International Council of Nurses